

**UNITED STATES INTERNATIONAL TRADE COMMISSION**

**COMMERCIAL AVAILABILITY OF APPAREL INPUTS (2005):  
EFFECT OF PROVIDING PREFERENTIAL TREATMENT TO  
SHIRTS AND BLOUSES OF COTTON, CARBON-EMERIZED FABRICS**

Investigation No. 332-465-005

May 2005



# Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries

## U.S. International Trade Commission Investigation No. 332-465-005

Products	Shirts and Blouses of Cotton, Carbon-Emerized Fabric
Requesting Parties	Dillard's, Inc., Little Rock, AK
Date of Commission Report: USTR Public	May 18, 2005 May 2005
Commission Contact	Laura Rodriguez (202-205-3499; laura.rodriguez@usitc.gov)

### NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORTED SUBMITTED TO USTR ON MAY 19, 2005. ALL CONFIDENTIAL INFORMATION CONTAINED HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (\*\*).

### Summary of Findings

The Commission's analysis indicates that granting duty-free treatment to U.S. imports of shirts and blouses made in eligible Caribbean Basin countries from the subject carbon-emerized fabrics of cotton, regardless of the source of such fabrics, would not likely have an effect on U.S. yarn, fabric, or apparel producers and their workers. The Commission is unaware of any firm that makes shirts and blouses containing the subject fabrics in the United States or any firm that makes shirts and blouses that are directly substitutable for the subject shirts in the United States. The Commission is also unaware of any domestic production of the subject fabrics. The proposed action would likely benefit U.S. firms making shirts and blouses in eligible Caribbean Basin countries from the subject fabrics, and their U.S.-based workers, as well as U.S. consumers.

### Background

On January 19, 2005, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-465, *Commercial Availability of Apparel Inputs (2005): Effect of Providing Preferential Treatment to Apparel from Sub-Saharan African, Caribbean Basin, and Andean Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)). This investigation provides advice regarding the probable economic effect of granting preferential treatment for apparel made from fabrics or yarns that are the subject of petitions filed by interested parties in 2005 with the Committee for the Implementation of Textile Agreements (CITA) under the "commercial availability" provisions of the African Growth and Opportunity Act (AGOA), the United States-Caribbean Basin Trade Partnership Act (CBTPA), and the Andean Trade Promotion and Drug Eradication Act (ATPDEA).<sup>1</sup>

The Commission's advice in this report relates to a petition received by CITA on April 6, 2005, alleging that certain carbon-emerized fabrics cannot be supplied by the domestic industry in commercial quantities in a timely manner. The petitioner requests that the President proclaim preferential treatment for shirts and

<sup>1</sup> For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of Jan. 26, 2005 (70 F.R. 3728) and consult the Commission's website at [www.usitc.gov/ind\\_econ\\_ana/research\\_ana/pres\\_cong/332/short\\_supply/shortsupintro.htm](http://www.usitc.gov/ind_econ_ana/research_ana/pres_cong/332/short_supply/shortsupintro.htm).

blouses made in eligible CBTPA beneficiary countries from such fabrics, regardless of the source of the fabrics.<sup>2</sup>

## Discussion of the product

The petition filed by Dillard's, Inc., Little Rock, Arkansas, a retail department chain store offering fashion apparel and home furnishings, states that the piece-dyed, carbon-emerized fabrics of 100 percent cotton are imported under subheading 5208.33.00 of the Harmonized Tariff Schedule of the United States (HTS). This subheading provides for woven fabrics of cotton, containing 85 percent or more by weight of cotton, weighing not more than 200 grams per square meter, and of 3-thread or 4-thread twill construction. The 2005 general rate of duty on the fabrics, which are for use in men's and boys' shirts and women's and girls' blouses, is 10.3 percent ad valorem. These apparel articles are classified in HTS chapter 62 (apparel, not knitted or crocheted), and subject to general rates of duty ranging from 15.4 to 19.7 percent ad valorem.

Fabric Specifications				
HTS subheading and description	Finish	Weight and width <sup>1</sup>	Construction	Yarn number for the warp, filling, and overall average yarn number (AYN) <sup>2</sup>
5208.33.00 Fabric of cotton: 3- or 4-thread twill	Piece-dyed, carbon-emerized on both sides	176-182 g/m <sup>2</sup> ; 168-172 cm	43-45 warp ends/cm; 24-26 filling picks/cm; total: 61-71 threads/cm <sup>2</sup>	Warp: 39/1-41/1 metric Filling: 39/1-41/1 metric AYN: 38-40 metric
<sup>1</sup> All the widths are "cuttable" widths, useable for making the garments. <sup>2</sup> The yarns are ring spun. The warp yarns are combed and the filling yarns are carded.				

According to the petitioner, shirts and blouses made from the subject carbon-emerized fabrics, \*\*\*, have a "soft, luxurious hand and a suede-like appearance but cost much less"[than suede].<sup>3</sup> The subject fabrics are made from ring-spun, combed warp yarns and ring-spun, carded filling yarns. The use of ring-spun yarns is critical for enabling the fabrics to "withstand the effects of emerizing<sup>4</sup> and imparts a better hand." The petitioner states that the subject fabric is lightly carbon emerized on the fabric back and somewhat more so on the fabric face.<sup>5</sup> In the particular carbon emerizing process of the subject fabric, the fabric is "abraded" (i.e., worn away or rubbed) by bristles of pure carbon - a process similar to sanding a piece of wood. The fiber ends of the fabric, rather than the whole fibers, are raised above the fabric surface, but less so than in napping, reportedly resulting in a smoother, more even surface than is produced by

<sup>2</sup> The President may proclaim such action if (1) he determines that the subject fabric or yarn cannot be supplied by the domestic industry in commercial quantities in a timely manner; (2) he has obtained advice from the Commission and the appropriate advisory committee; (3) he has submitted a report, within 60 calendar days after the request, to the House Committee on Ways and Means and the Senate Committee on Finance, that sets forth the action proposed, the reasons for such action, and advice obtained; (4) a period of 60 calendar days, beginning with the day on which he has met the requirements of (3), has expired; and (5) he has consulted with such committees on the proposed action during the 60-day period referred to in (3). In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. The President authorized CITA and USTR to submit the required report to the Congress.

<sup>3</sup> \*\*\*, emails to Commission staff, Apr. 19 and May 5, 2005.

<sup>4</sup> According to the petitioner, emerizing a fabric weakens it and therefore the fabric must be made of strong yarns. \*\*\* email to Commission staff, Apr. 19, 2005.

<sup>5</sup> Ronald J. Sorini, Senior Trade Advisor, Sandler, Travis & Rosenberg, P.A., "Re: Petition Regarding the Commercial Availability of Certain Woven Fabric," Mar. 31, 2005.

napping. Emerized fabrics also reportedly do not pill and can withstand repeated washings. Furthermore, the use of combed, ring-spun warp yarns in the subject fabric ensures a clean, even appearance on the fabric face. The petitioner asserts that conventional brushing does not create as smooth a hand. Because carbon fiber is expensive, and specialized equipment and expertise<sup>6</sup> are required, carbon emerizing costs more and requires more careful handling and time than ordinary brushing or sanding. Because of the numerous differences in processing the final product, napped flannel fabrics are not generally considered substitutable for emerized fabrics. Sport shirts and blouses will be made from the subject fabrics and are expected to compete in a higher-end market, selling at retail for \$\*\*\* per unit in Dillard's chain stores throughout the United States. \*\*\*<sup>7</sup>

## **Discussion of affected U.S. industries, workers, and consumers<sup>8</sup>**

### ***Apparel Producers***

Commission staff contacted six firms \*\*\* that the American Apparel and Footwear Association and other industry experts identified as possible manufacturers of shirts and blouses in the United States.<sup>9</sup> None of the firms that Commission staff reached stated it produced shirts and blouses of the subject carbon-emerized fabrics or fabrics that would be considered substitutable.<sup>10</sup> Consequently, it appears that there is no U.S. production of shirts and blouses made of the subject carbon-emerized fabrics, nor of fabrics that could be considered directly substitutable.

### ***Fabric producers***

Commission staff contacted the National Council of Textile Organizations (NCTO)<sup>11</sup> and seven firms believed to weave cotton fabrics in the United States for use in apparel: \*\*\*. According to a NCTO official, none of its members voiced any opposition to the petition and several fabric producers indicated that they did not know what carbon-emerized fabrics were.<sup>12</sup> In addition, none of the seven weavers that Commission staff contacted currently produces the subject fabrics nor could they identify fabrics that could be considered substitutable for the subject fabrics.<sup>13</sup> The petitioner stated that it imports carbon-emerized fabrics from \*\*\*<sup>14</sup>

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<sup>6</sup> "Long experience in operating a machine using carbon emerizing techniques instead of conventional brushing is required. Fabric is abraded by bristles of pure carbon which are extremely hard. One mistake can cause the fabric to be ruined. \*\*\*", email to Commission staff, Apr. 19, 2005.

<sup>7</sup> \*\*\* , email to Commission staff, Apr. 19, 2005.

<sup>8</sup> In general, the manufacturing progression for textiles is: (1) fibers are processed into yarns, (2) yarns are made into fabrics, (3) fabrics are cut into components, and (4) components are sewn into finished goods. This section repeats the detailed industry discussion provided in the Commission's earlier report on the subject yarns almost verbatim except where relevant new information was provided in the current petition.

<sup>9</sup> \*\*\*

<sup>10</sup> \*\*\*

<sup>11</sup> The NCTO represents the entire textile sector - - the fiber, yarn, fabric, and supplier industries. This organization absorbed the American Yarn Spinners Association, the former national trade association representing the sales yarn manufacturing industry.

<sup>12</sup> Michael Hubbard, Executive Vice President, NCTO, telephone interviews with Commission staff, Apr. 26, 2005 and May 4, 2005.

<sup>13</sup> \*\*\* voicemail message to Commission staff, Apr. 19, 2005.

<sup>14</sup> \*\*\* , email to Commission staff, May 5, 2005.

### ***Yarn producers***

The Commission is unaware of any U.S. yarn producers who make ring-spun yarn specifically for the subject carbon-emerized fabrics. \*\*\*<sup>15</sup>\*\*\*<sup>16</sup> As discussed in the previous section, based on information available to the Commission, there is no known U.S. production of emerized fabrics. Consequently, there appear to be no yarn producers that would likely be affected by the granting of the petition.

### **Views of interested parties**

No written submissions were filed with the Commission.

### **Probable economic effect advice<sup>17</sup>**

The Commission's analysis indicates that granting duty-free treatment to U.S. imports of shirts and blouses made in eligible CBTPA countries from the subject carbon-emerized fabrics, regardless of the source of such fabrics, is not likely to have an effect on the domestic textile and apparel industries or their workers, because currently there is no known U.S. production of shirts and blouses made from the subject fabrics or production of either the subject fabrics or the yarns used to make the fabrics. In addition, there appears to be no U.S. production of shirts and blouses that could be considered viable substitutes for ones made from the subject fabrics. To the extent that the shirts and blouses made from the subject fabrics are substitutable for any shirts and blouses sold in the United States, they likely would displace imports because imports supply most of this U.S. market. U.S. firms making apparel in eligible CBTPA countries and their U.S. based workers would likely benefit from the proposed preferential treatment. The proposed preferential treatment would also likely benefit U.S. consumers of shirts and blouses made from the subject fabrics to the extent that importers pass on some of the duty savings to retail consumers.

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<sup>15</sup> \*\*\* telephone interview by Commission staff, Apr. 22, 2005.

<sup>16</sup> \*\*\* telephone interview by Commission staff, Apr. 21, 2005, and \*\*\* , telephone interview with Commission staff, Apr. 21, 2005.

<sup>17</sup> The Commission's advice is based on information currently available to the Commission.